8 June 1966

MEMORANDUM FOR THE RECORD

SUBJECT: Negotiation FY-67 Service Contract

1. A meeting was held at the SPO on 2 and 3 June 1966 to negotiate the FY-67 service contract with [   ] The STATINTL following personnel participated in the negotiations:

Contractor	Government

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2. The Contractor's proposal entitled GA-5.31 dated 13 May 1966 was reviewed and the Government team determined that the following level of effort would be realistic for FY-67 Services:

Item I

(a)	Spares - use $700/item vs $933 (big items bought under FY-66)	$121,255
(b)	RCD - 50% of Previous Prov. items in lieu of 75%	70,000
(c)	AGE Spares - 60 hrs. operating time in lieu of 100 hrs.	47,000
(d)	Reduced due to Carry-over from FY-66 buy	75,000
		$313,255
		$506,000 Cost Level

Item II

85 man mos. in lieu of 90
To include Cat. II follow-on

	J	A	S	O	N	D	J	F	M	A	M	J
In-place	11	11	10	10	9	6	4	3	3	3	3	3
Equiv.	1	1	1	1	1	1	1	1	1			

Item III

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Accepted as proposed with burden adj. to

Item IV

Reduced sustaining engineering by 3 man years &
1477 hrs. Increased the effort by 3 man years by
transferring SRA admin. from Item VI
Increased by $120,000 for antenna study.

Item V

Accepted as proposed.

Item VI

Deleted SRA admin. and put in Item IV and eliminated
3000 Akron charge.

Item VII

Buying (1) RCD tester and (1) static pressure tester.

Items VIII, IX, X

Accepted as proposed.

3. As a result of the Government team reduction, the
proposed price versus the Government offer were as follows:

Proposed	Offer

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4. The contractor countered that:

(a) Item II should be increased by $10,000 to cover
full 90 man mos. as proposed.

(b) Item IV should have 1 man year of effort and
$15,000 added back.

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5. The Government agreed to increasing Item IV by one man-year to cover an additional SRA Administrator and also agreed to the ☐ fee. As a result, the contractor agreed and the final cost and fee were:

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6. The type of contract will be on a Cost-plus Zone fee basis with a + 10% no-change zone. In the event that the projected costs as of 30 November 1966 to the end of the contract period (30 June 1967) exceed ± 10%, then the level of effort will be redetermined.

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